

COUNCIL MINUTES

March 5, 2020

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on March 5, 2020 at 7:30 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Jennifer Duff
Francisco Heredia
David Luna
Kevin Thompson
Jeremy Whittaker

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

1-a. Hear a presentation, discuss, and provide direction on the sale of City-owned properties through an online auction process, and proposing the properties located at the northwest corner of Adobe and Recker roads (2.1 acres), and the northwest corner of McDowell Road and 92nd Street (1.3 acres) be used as a pilot in the online auction process.

Real Estate Services Administrator Kim Fallbeck introduced Procurement Administrator Matt Bauer who displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Fallbeck stated local agencies are using a few of the same methods for land sales as the City of Mesa. (See Page 2 of Attachment 1)

Ms. Fallbeck explained City policy allows for different methods to sell properties such as, real estate brokers, sealed bids, request for proposal (RFP), and public auction. (See Page 3 of Attachment 1)

Ms. Fallbeck recommended using an online auction process to be more economical and convenient while selling smaller City parcels. (See Page 4 of Attachment 1)

Ms. Fallbeck mentioned the Purchasing Department has used online auctions for purchases of materials in the past. She stated the auction process for property sales would be a forward auction, meaning the highest bidder would win the property. She explained EasiBuy would create a bid platform that would provide information about parcels the City is interested in selling. She continued by saying the company would manage training for the online auction and provide outreach to the brokerage community to give information about the possible properties for sale. She stated in addition to the City's current process of posting the property for sale 10 days prior to the auction date, a letter is mailed out to adjacent property owners, and advertisements are posted in the newspapers to attract multiple bidders. She pointed out bidders would be required

to provide a cashier's check and a bidder's affidavit to become a qualified bidder. (See Page 5 of Attachment 1)

Ms. Fallbeck reviewed the outline for the online bid platform and the information that will be displayed during the auction. (See Page 6 of Attachment 1)

Ms. Fallbeck displayed a map showing two vacant properties that have received interest recently. She stated the properties are located on the northwest corners of Adobe and Recker roads and McDowell Road and 92nd Street. She reported Maricopa County owns a 12-acre parcel on the east side of 92nd street with access issues, so the City will work with the County and recommends not moving forward with the auction site until this issue is resolved. (See Page 7 of Attachment 1)

Ms. Fallbeck presented details on each proposed parcel for auction. She stated the McDowell Road and 92nd Street parcel has not been appraised because it is identical to the current parcel that the Flood Control District recently appraised and sold. (See Page 8 of Attachment 1)

City Manager Christopher Brady commented if the online auction is successful, there are opportunities for other small parcels to be sold in the same manner.

In response to a question from Vice Mayor Freeman, Ms. Fallbeck stated both parcels are zoned residential.

In response to a question from Councilmember Luna, Ms. Fallbeck confirmed the parcel off Adobe and Recker roads was part of the Alta Mesa community.

In response to a question from Mayor Giles, Mr. Brady explained the Adobe and Recker Roads parcel was to be used for a fire station, that ended up not being needed after placement of surrounding fire stations.

Mayor Giles commented the online auction process looks like an effective way to sell properties and that he is optimistic there could be a competitive bid with more advertisement.

Scott Patterson with EasiBuy explained the services includes outreach to buyers to gain interest in the properties the City has for sale.

Ms. Fallbeck mentioned the auction information will be posted on the City's website and distributed to developers and brokers.

In response to a question from Mayor Giles, Mr. Patterson stated the staff at EasiBuy will identify and notify as many potential property real estate buyers to ensure the sale of the parcels.

Ms. Fallbeck pointed out there will also be a sign posted on the property.

In response to a question from Councilmember Heredia, Mr. Brady stated an online auction would be a positive outcome from a public standpoint, allowing competition and allowing for maximum value of the property.

In response to a question from Councilmember Heredia, Mr. Patterson outlined the process of the online auction. He stated all buyers must start the bidding process with the base sale price, and the auction has specific start and end times with a potential overtime period. He added the

bidders must provide a bidder's affidavit and a cashier's check to bid at the online auction, which is the same process the City uses for all property sales.

In response to a question from Mayor Giles, Ms. Fallbeck responded by saying buyers pay the brokers' commissions when purchasing the property. She continued by stating buyers are interested in purchasing properties with or without a for sale sign.

Councilmember Whittaker suggested using Multiple Listing Service (MLS) as a marketing source for the sale of city properties.

In response to a question from Councilmember Whittaker regarding the differences of the auction of Thomas and Recker Roads, Ms. Fallbeck explained the land was advertised by newspaper, mailed letters, and a website created by the City specifically for the land sale. She continued by stating developers were interested in the land before it was listed for sale, bringing two bidders to the live auction site.

Mr. Brady commented the process leading up to the auction is the same, but the bidding process will take place online instead of in person where a room would have to be rented and an auctioneer hired to run the auction. He stated the online auction allows people to place bids from anywhere, making it a simpler process.

In response to a question from Councilmember Whittaker, Mr. Brady pointed out the challenge of a sealed bid process is performing auctions through the brokerage community. He stated traditionally the land for sale would be posted on the MLS website listing a date when sealed bids are due, and the highest bid wins the auction. He mentioned there is no opportunity to bid higher with a sealed bid process, whereas an online auction, the bids are transparent allowing for bidding competition. He noted the online auction provides the opportunity to receive maximum value for the property.

In response to a question from Councilmember Whittaker, Mr. Patterson verified the total cost is \$2000 for EasiBuy to create a bid platform for the online auction.

In response to multiple questions from Councilmember Whittaker, Ms. Fallbeck was unaware of the marketing platforms through CWS Marketing and Public Surplus and stated she would look into using those sites. She stated per the Management Policy, the City is required to post for sale signs on the properties 10 days prior to listing. She explained an appraiser evaluates the land and contacts the Planning Director to come up with the highest and best use for the property. She pointed out if the land is rezoned for a specific density, there is a fair chance the buyer would want to rezone the property again which would entail public outreach from the surrounding neighborhoods to receive support.

Planning Director Nana Appiah explained when a rezoning is proposed with specific developments, it gives residents a level of comfort knowing what the intended development will be, otherwise blanket rezoning is applied which could result in many different uses, making it complex to rezone.

Councilmember Whittaker commented if a higher profit was an option, he would consider rezoning to the highest and best use of the property prior to listing it for sale.

In response to a question from Councilmember Whittaker, Ms. Fallbeck reported there are a handful of properties that the City will be looking to sell in the future if the online auction process is successful.

Councilmember Whittaker commented that eBay is another website to advertise parcel sales.

Mayor Giles affirmed consensus in moving forward with the land sale of Adobe and Recker Roads.

2. Current events summary including meetings and conferences attended.

Mayor Giles –	Alice Cooper’s – The Solid Rock Team Center Dr. Seuss Night – Emerson Elementary
Councilmember Duff –	Dr. Seuss Night – Guerrero Elementary Alice Cooper’s – The Solid Rock Team Center
Councilmember Luna –	Project based learning at Falcon Hill Elementary

4. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, March 12, 2020, 7:30 a.m. – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 8:10 a.m.




JOHN GILES, MAYOR

ATTEST:


DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 5th day of March 2020. I further certify that the meeting was duly called and held and that a quorum was present.


DEE ANN MICKELSEN, CITY CLERK



SALE OF CITY PROPERTY

Kim Fallbeck, *Real Estate Services Administrator*
Scott Patterson, *EasiBuy*



LAND SALES OF OTHER LOCAL AGENCIES



RFP
(Their Economic Development Dept. handles all sales)



LIVE AUCTION
(For >= \$1.5)
SEALED BID
(Smaller properties)



RFP's, SEALED BID
(Abutting properties get first consideration)



City of Phoenix

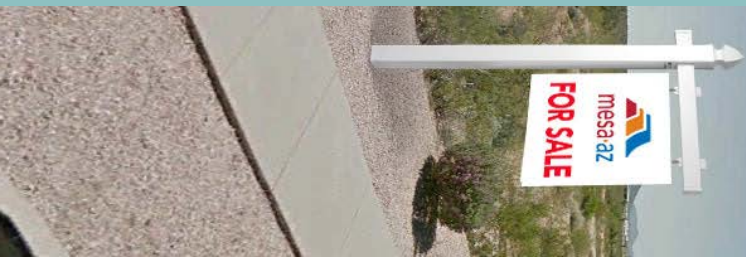
Situation Driven
RFP – council driven projects
Quit Claim – Tiny properties to abutting landowners
Broker Sales – brokers vetted
Sealed Bid – land locked property; first option abutting landowners; notify surrounding owners



LIVE AUCTION
(advertise in newspaper and on website for 30 days)



LIVE AUCTION
(Abutting properties get first consideration; list all properties; auction not published until first bid, then open to the public)



March 5, 2020

Council Study Session

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CURRENT PRACTICE FOR SALE OF PROPERTY

REAL ESTATE
BROKER

NEW LISTING

NEW LISTING

NEW LISTING

NEW LISTING

NEW LISTING

NEW LISTING

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REQUEST FOR
PROPOSAL

REQUEST FOR
PROPOSALS

SEALED
BIDS

SEALED
BID

PUBLIC
AUCTION

mesa-az
FOR SALE

PUBLIC AUCTION OPTIONS

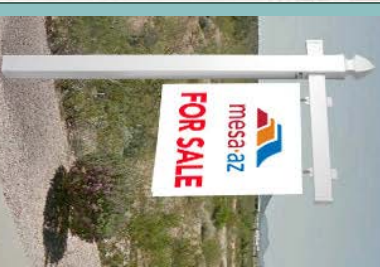
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Attachment 1



- ☐ Min. price with bid increments
- ☐ Auctioneer regulated
- ☐ Flat fee of \$2,000
- ☐ Room needed for auction
- ☐ Bidders must be present in the auction room



- ☐ Min. price with bid increments
- ☐ Software regulated with oversight
- ☐ Flat fee of \$2,000
- ☐ Bidders, software oversight personnel, city staff all in their own offices



ONLINE AUCTION PROCESS

EASIBuy

Bid Selection
& Kickoff

Spec/Document
Review

Training &
Auction
Approvals

Reverse
Auction
Event

Reporting &
Post Event

Phase 1: CONSULTING

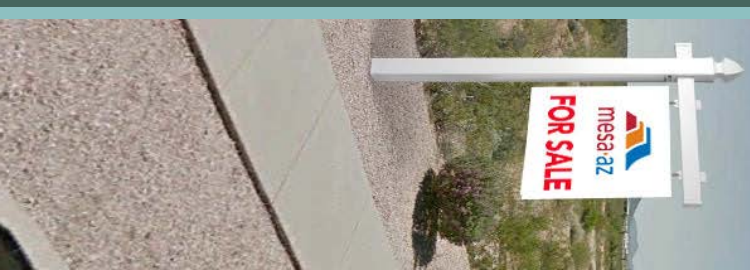
- Build bid on platform
- Buyer end-user training
- Seller training
- Build platform
- Train bidders

Phase 2: BIDDING PROCESS

- Manage on-line auction
- Open bidding
- Monitor from tech/ops centers
- Make live-auction adjustments
- Real-time buyer management
- Close bidding
- City qualifies buyers with Bidder Affidavit & Cashiers Checks
- Set minimum price
- Set Bid Increments


Phase 3: SUMMARY

- Summarize Bids – City to review bids
- Present to Council
- Award process of Seller



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Attachment 1

ONLINE BID PLATFORM



City of Mesa

Auction at NWC of Thomas and Recker Roads

Overview

Members

Documents

Lots

Pricing

Need help? (855) 405-2253

Watch

Stream

Preview

Reports

Awards

Auction at NWC of Thomas and Recker Roads

1 Day

UNTIL START

01:30 pm

STARTS AT

00:30:00

DURATION

USD

CURRENCY

RANK	ITEM	#	QTY	BID	NEW BID	MIN BID
n/a	NWC of Thomas and Recker Roads	1	1/LS	—	\$	\$15,000,000.00

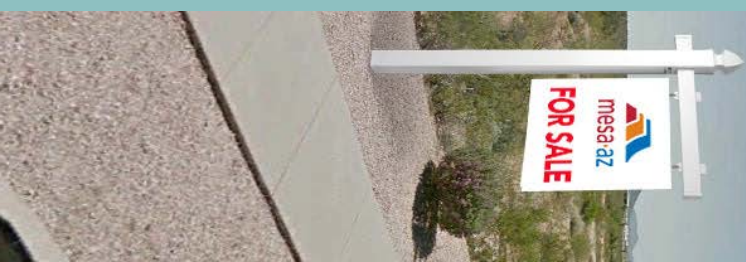
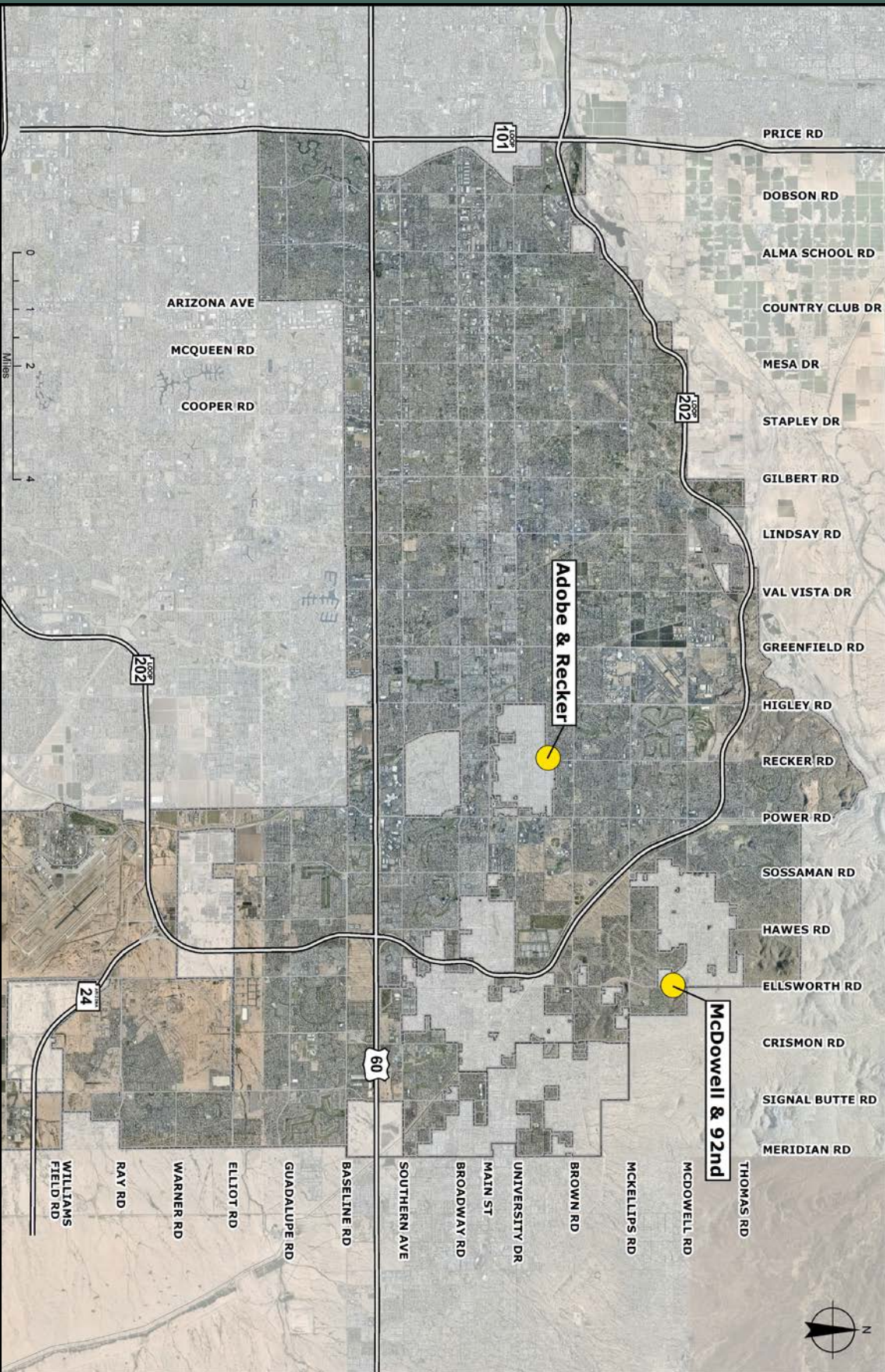
Lot Not Open

Placeholder Bids Only

- ❑ Can set opening amount
- ❑ Can reveal lead bid or all bids
- ❑ Auction has a specific start time with overtime periods
- ❑ Bidder will know their price, rank and lead bidder amount
- ❑ Platform is very dynamic, and all configurations can be modified to accommodate the City's goals



PILOT PROPERTY RECOMMENDATIONS

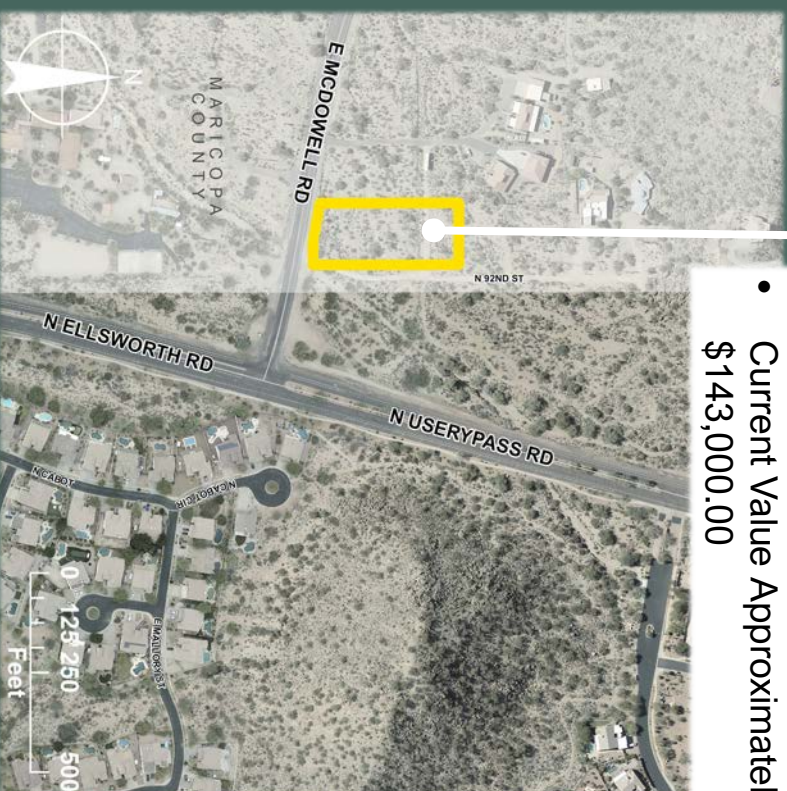


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Attachment 1

PROPOSED PARCELS FOR AUCTION

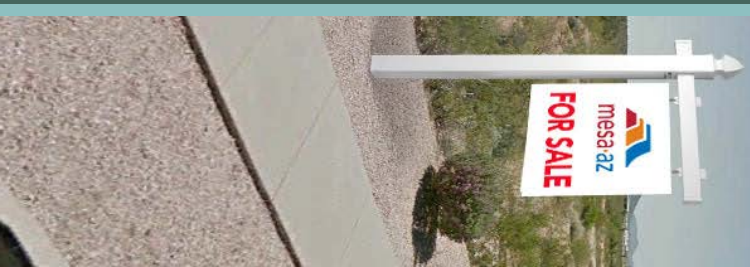
dobe & Recker

- Purchased May 27, 1988
- Paid \$45,000.00
- Size: 2.1 Acres
- Excess Property no longer needed as a future Fire Station Site
- Zoned RS-7 Neighborhood
- Current Value Approximately: \$435,000.00



McDowell & 92nd St

- Purchased November 18, 2002
- Paid \$125,000.00
- Size: 1.3 Acres
- Excess Property no longer needed as a future Retention Basin with Flood Control
- Zoned MC R1-35
- Current Value Approximately: \$143,000.00



QUESTIONS

